

Approved For Release 2000/08/29 : CIA-RDP79-01041A000100040001-0

9 - 20 August 1954

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3. NIS--Section 45--Health and Sanitation: Upon learning that [REDACTED] was initiating a project to take over the production of Section 45 from the Surgeon General I met with him to discuss certain concerns that I had from the standpoint of securing PRC approval. Considering the present cloudy climate concerning the Agency's financing responsibilities I advised him that the transfer would face strong opposition at this time unless we could make a strong case that the section was presently malassigned to the Surgeon General and that it was a proper responsibility of OSI. In turn the record should be clear that Army was

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not dropping the item because of budget economies and, in fact, that they would be willing to transfer to us the money reflected in their budget for the work. [redacted] agreed that the record was not good on any of these points. In fact, it is his belief that the Surgeon General is the most capable organization for production of the section and would prefer that they remain in the business. It is also clear that they have requested us to take the section over because of budget and personnel ceiling difficulties. Added to this on the negative side is the fact that OSI is very lukewarm on assuming the responsibility, doesn't have any particular competence at the moment and can take it on only if they get additional ceiling and funds. This, of course, would require Budget Bureau approval and release of contingency within the Agency. I specially impressed on [redacted] that I thought the proposal was very ill timed in the light of the present questions being raised by General Cabell concerning financing of the NIS Program, etc. (A question certainly would be raised as to whether this would not set a precedent for the military for budget reasons to begin to drop other items and request CIA to pickup the check.) In any event I suggested that we have nothing to lose in first replying to General Trudeau indicating our own budget difficulties and strongly recommending that the Army continue to make provision for the item. Based on our discussion Captain Knowles readily agreed to first make an effort to get Army to maintain support and is preparing a draft letter for the DCI's signature. I assured him that I would brief you on my suggested approach and that if you disagree we would go ahead with a PRC action. We also agreed that upon my return we would meet with the Comptroller to advise him of developments. There is no real urgency in this matter inasmuch as the Army plans to proceed with production pending any action by us.

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4. Support to State: At his request I briefed [redacted] staff on the various items for which we are providing financial support to State. He is making a complete study at [redacted] request. He indicated that in addition to gathering factual information as to the amount of funds etc., that [redacted] had also suggested that he attempt to evaluate the quality of the State services. He indicated some hesitancy, however, at acting on this and stated that before he got into this phase that he planned to have further discussions with [redacted]. Based on our discussion I believe that he fully understands that you cannot wrap the State support problem up into a single bundle called "subsidy" but rather that each of the items must be separately understood as to the governing principles and needs of the Agency.

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5. Budget: The revision of the 1956 office estimates to reflect the approved Agency allowance has been completed and the material submitted to the Comptroller for his review and submission to the Budget Bureau.

I met with representatives of the Comptroller's office to discuss the findings of the survey which we had requested of the practices and procedures in effect in our offices for exercising allotment controls. They are in agreement with my original proposal that our offices were maintaining more

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detailed controls than are necessary and that a simplified system can be utilized, involving chiefly ~~developments~~ ^{developments} upon the monthly reports available from the Comptroller supplemented by suggested analysis techniques. In addition, a more effective procedure for controlling unvouchered funds is required. After revision based on our discussion, the Comptroller submitted his report to me for our approval after coordination with the offices.

6. Management Improvement: The office reports covering accomplishments for the past fiscal year and objectives for the current fiscal year were reviewed and submitted to the Management Staff. The reports submitted by the offices represented a great improvement over last year's and will provide an excellent program for management improvement within each of the offices during the coming year.

7. Records Management: Held a meeting with representatives of the Records Management Staff and ORR to discuss undertaking a record survey of the substantive divisions. Agreement was reached to begin on a pilot operation basis in the Services Division with the Records Management Staff providing the services of one individual to assist ORR personnel in the study. It was agreed that it would not be appropriate to attempt as part of the study to standardize filing systems. Rather emphasis will be placed on inventorying the records and developing a schedule for the retirement of material.

As soon as ^{25X1A9a} [REDACTED] I plan to launch with him a similar program in OCD. The initial inventory and retirement scheduling has largely been completed in the other DD/I offices and the problem now is chiefly one of maintenance and periodic review.

8. Training Policy Committee: Von and I met with ^{25X1A9a} [REDACTED] to discuss Henry's liaison duties between OTR and the DD/I as well as a number of matters for the next meeting of the Training Policy Committee.

A meeting of the Training Policy Committee was held on Friday the principal subjects being the program whereby OTR will develop for and with us such formal training courses as we need. A determination was also made of topics for future study and discussion by the committee.

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